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COMMERCIAL TAXES DEPARTMENT

NOTIFICATION

The 8th October, 2014

S.O. No. 49 Ranchi, Dated 10th October, 2014 In exercise of powers conferred by Section 94 of the Jharkhand Value Added Tax Act, 2005 (Jharkhand Act, 2005 of 2006), the Governor of Jharkhand is pleased to make the following amendments in the departmental notification no S.O. 219 Dated 31st March, 2006 containing Jharkhand Value Added Tax Rules, 2006:-

1. Short, title and commencement :

- 1) These Rules may be called "Jharkhand Value Added Tax (Amendment) Rules, 2014"
- 2) These Rules shall be deemed to be effective from 1st April, 2014

2. Amendment in Rule 2

In Rule 2, after Sub-rule (IV A), the following item shall be inserted:-

"(IV B) 'Developer/Builder' means a person/contractor who is engaged in and undertakes the construction of civil structures, flats, dwelling units, building, premises, complexes, commercial or otherwise, whether wholly or partly (either

himself or through an authorized person) for sale and transfers them in pursuance of an agreement along with land or interest underlying the land to a buyer, where the value of land or interest underlying the land is included in the total consideration received or receivable."

3. Amendment of Rule 22

1) In sub rule (1) clause (d), the following item shall be inserted after item no. (vii)

(viii) Cost of land determined under sub rule (1A)

2) After sub-rule (1), the following sub-rules shall be inserted :-

"(1A) In case of a developer/Builder in respect of his own share of construction where along with the immovable property, the land or, as the case may be, interest in the land, underlying the immovable property is to be conveyed, and the property in the goods (whether goods or in some other form) involved in the execution of the construction contract is also transferred to the purchaser, such transfer is liable to tax under this rule. The value of the said goods at the time of the transfer shall be calculated after deduction of the cost of the land from the total agreement value.

The cost of the land shall be determined in accordance with the guidelines determined by any authority of the state Govt. for the purpose of payment of stamp duty in respect of transfer and/or registration of such land, as applicable on the date on which the agreement to sell the property is executed.

Provided that after payment of the tax of the value of the goods determined as per this rule, it shall be open to the dealer to prove before the prescribed authority that actual cost of land is higher than the value determined by the State Government authority for the purpose of payment of stamp duty and registration of agreement, as applicable in the State of Jharkhand on the date of agreement to sale and the actual cost of land, being proved to be higher, the higher cost of land will be deductible and the excess tax paid, if any, shall be refunded/adjusted.

4. After sub-rule (1A), the following sub-rule shall be inserted:-

"(1B) (a) When the developer/Builder, in respect of his own share, undertakes the construction of flats, dwelling, building of premises and transfers them in pursuance of an agreement along with the land or interest underlying the land then, after deduction under sub-rule (1) and (1A) from the total contract price, the value of the goods involved in the works contract shall be determined after applying the percentage provided in column (3) of the following TABLE depending upon the stage at which the purchaser entered into contract.

Sl.	Stage during which the developer enters into a contract with the purchaser.	Amount to be determined as value of goods involves in works contract
1	2	3
a)	Before issue of the Commencement Certificate	100%
b)	From the Commencement Certificate to the completion of plinth level	95%

c)	After the completion of plinth level to the completion of 100% RCC framework.	85%
d)	After the completion of 100% RCC framework to the Occupancy Certificate.	55%
e)	After the Occupancy Certificate	Nil

(b) For determining the value of goods as per the Table clause (a), it shall be necessary for the developer/Builder to furnish a certificate from the concerned authority of the State Government certifying the date of completion of the stages referred above.

The above certificate shall be subject to the verification of the prescribed authority.

5. After rule (1B), the following sub-rule shall be inserted:-

"(1C) If the dealer fails to establish the stage during which the agreement with the purchaser is entered, then the entire value of goods as determined after deductions under sub-rule (1) and (1A) from the value of the entire contract shall be taxable."

6. After rule (1C), the following sub-rule shall be inserted:-

"(1D) The value of goods so arrived at under sub-rule (1), (1A), (1B) or, as the case may be, under sub-rule (1C) shall, for the purposes of levy of tax, be the sale price or, as the case may be, the purchase price relating to the transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract.

By the order of the Governor of Jharkhand,

M.R. Meena,
Secretary-cum-commissioner,
Commercial Taxes Department,
Jharkhand, Ranchi.
